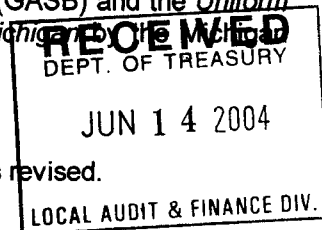


AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Worth	County Sanilac
Audit Date March 31, 2004	Opinion Date June 2, 2004	Date Accountant Report Submitted to State: June 2, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan*, as issued by the Michigan Department of Treasury.



We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686	City Bay City	State MI	Zip 48707
Accountant Signature <i>Campbell, Kusterer & Co., P.C.</i>			

RECEIVED
DEPT. OF TREASURY

✓

JUN 14 2004 TOWNSHIP OF WORTH
Sanilac County, Michigan

LOCAL GOVT. FINANCE DIV.

GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended March 31, 2004

TOWNSHIP OF WORTH
Sanilac County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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KENNETH P. KUSTERER, CPA

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BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

INDEPENDENT AUDITOR'S REPORT

June 2, 2004

To the Township Board
Township of Worth
Sanilac County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Worth, Sanilac County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Worth's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Worth, Sanilac County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Worth, Sanilac County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF WORTH
Sanilac County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

EXHIBIT A

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets</u>				
Cash in bank	279 173 82	198 575 16	2 878 611 99	229 608 93
Investments	-	-	23 411 79	-
Petty cash	100 00	-	-	-
Taxes receivable	15 849 37	-	-	-
Special assessments receivable	-	2 562 53	5 865 238 53	149 291 70
Accounts receivable	28 200 00	-	-	-
Due from other funds	679 92	-	-	30 009 08
Land and land improvements	-	-	-	-
Buildings	-	-	-	-
Equipment	-	-	-	-
Amount available for retirement of general long-term debt	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
Total Assets	<u>324 003 11</u>	<u>201 137 69</u>	<u>8 767 262 31</u>	<u>408 909 71</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Due to other funds	-	-	30 009 08	-
Due to others	-	-	-	-
Deferred revenue	-	-	5 745 040 67	148 382 50
Bonds payable	-	-	-	-
Contracts payable	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>5 775 049 75</u>	<u>148 382 50</u>
Fund equity:				
Investment in general fixed assets	-	-	-	-
Fund balances:				
Reserved for debt service	-	-	2 992 212 56	-
Unreserved:				
Undesignated	<u>324 003 11</u>	<u>201 137 69</u>	<u>-</u>	<u>260 527 21</u>
Total fund equity	<u>324 003 11</u>	<u>201 137 69</u>	<u>2 992 212 56</u>	<u>260 527 21</u>
Total Liabilities and Fund Equity	<u>324 003 11</u>	<u>201 137 69</u>	<u>8 767 262 31</u>	<u>408 909 71</u>

The accompanying notes are an integral part of these financial statements.

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long- Term Debt	
Agency			
7 111 92	-	-	3 593 081 82
-	-	-	23 411 79
-	-	-	100 00
-	-	-	15 849 37
-	-	-	6 017 092 76
-	-	-	28 200 00
-	-	-	30 689 00
-	38 332 53	-	38 332 53
-	761 085 48	-	761 085 48
-	64 073 67	-	64 073 67
-	-	2 992 212 56	2 992 212 56
-	-	6 185 187 44	6 185 187 44
<u>7 111 92</u>	<u>863 491 68</u>	<u>9 177 400 00</u>	<u>19 749 316 42</u>
679 92	-	-	30 689 00
6 432 00	-	-	6 432 00
-	-	-	5 893 423 17
-	-	335 000 00	335 000 00
-	-	8 842 400 00	8 842 400 00
<u>7 111 92</u>	<u>-</u>	<u>9 177 400 00</u>	<u>15 107 944 17</u>
-	863 491 68	-	863 491 68
-	-	-	2 992 212 56
-	-	-	785 668 01
-	863 491 68	-	4 641 372 25
<u>7 111 92</u>	<u>863 491 68</u>	<u>9 177 400 00</u>	<u>19 749 316 42</u>

TOWNSHIP OF WORTH
Sanilac County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B

Page 1

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues:				
Property taxes	90 616 25	-	-	-
Special assessments	19 292 50	22 354 30	1 168 708 50	32 605 99
Licenses and permits	17 243 49	67 394 00	-	-
State revenue sharing	271 835 00	1 640 65	-	-
Charges for services – fees:				
Fire runs	4 570 64	-	-	-
Property tax administration	45 530 13	-	-	-
Interest	7 845 46	2 018 41	31 212 10	2 910 63
Miscellaneous	28 694 27	1 332 88	-	-
Total revenues	<u>485 627 74</u>	<u>94 740 24</u>	<u>1 199 920 60</u>	<u>35 516 62</u>
Expenditures:				
Legislative:				
Township Board	34 296 88	-	-	-
General government:				
Supervisor	10 422 06	-	-	-
Elections	156 90	-	-	-
Assessor	46 095 89	-	-	-
Attorney and auditing	3 829 55	-	-	-
Clerk	21 092 10	-	-	-
Board of Review	2 401 90	-	-	-
Treasurer	39 604 00	-	-	-
Building and grounds	4 662 18	2 579 09	-	2 004 76
Cemetery	1 160 00	-	-	-
Public safety:				
Law enforcement	23 152 05	-	-	-
Liquor law enforcement	-	1 800 00	-	-
Fire protection	60 218 67	-	-	-
Health – ambulance services	16 084 00	-	-	-
Planning and zoning	24 639 28	-	-	-
Inspections	-	56 294 58	-	-

The accompanying notes are an integral part of these financial statements.

Total
(Memorandum
Only)

90 616 25
1 242 961 29
84 637 49
273 475 65

4 570 64
45 530 13
43 986 60
30 027 15

1 815 805 20

34 296 88

10 422 06
156 90
46 095 89
3 829 55
21 092 10
2 401 90
39 604 00
9 246 03
1 160 00

23 152 05
1 800 00
60 218 67
16 084 00
24 639 28
56 294 58

TOWNSHIP OF WORTH
Sanilac County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES
Year Ended March 31, 2004

EXHIBIT B
Page 2

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Expenditures: (continued)				
Public works:				
Highways and streets	73 400 15	-	-	-
Street lighting	9 999 30	7 543 25	-	-
Weed control	14 274 75	-	-	-
Sanitation	-	15 428 08	-	-
Water	-	-	-	1 351 60
Other:				
Insurance and bonds	13 795 00	-	-	-
Payroll taxes	9 840 19	-	-	-
Capital outlay	1 302 92	22 999 95	-	-
Debt service	-	-	1 049 173 94	-
Total expenditures	<u>410 427 77</u>	<u>106 644 95</u>	<u>1 049 173 94</u>	<u>3 356 36</u>
Excess (deficiency) of revenues over expenditures	<u>75 199 97</u>	<u>(11 904 71)</u>	<u>150 746 66</u>	<u>32 160 26</u>
Other financing sources (uses):				
Operating transfers in	-	60 000 00	32 981 25	-
Operating transfers out	<u>(92 981 25)</u>	-	-	-
Total other financing sources (uses)	<u>(92 981 25)</u>	<u>60 000 00</u>	<u>32 981 25</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(17 781 28)</u>	<u>48 095 29</u>	<u>183 727 91</u>	<u>32 160 26</u>
Fund balances, April 1	<u>341 784 39</u>	<u>153 042 40</u>	<u>2 808 484 65</u>	<u>228 366 95</u>
Fund Balances, March 31	<u>324 003 11</u>	<u>201 137 69</u>	<u>2 992 212 56</u>	<u>260 527 21</u>

The accompanying notes are an integral part of these financial statements.

Total
(Memorandum
Only)

73 400 15
17 542 55
14 274 75
15 428 08
1 351 60

13 795 00
9 840 19
24 302 87

1 049 173 94

1 569 603 02

246 202 18

92 981 25

(92 981 25)

-

246 202 18

3 531 678 39

3 777 880 57

TOWNSHIP OF WORTH
Sanilac County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL AND SPECIAL REVENUE FUNDS

Year Ended March 31, 2004

EXHIBIT C
Page 1

	General Fund		
	Budget	Actual	Over (Under) Budget
Revenues:			
Property taxes	88 154 00	90 616 25	2 462 25
Special assessments	19 983 00	19 292 50	(690 50)
Licenses and permits	10 615 00	17 243 49	6 628 49
State revenue sharing	250 000 00	271 835 00	21 835 00
Charges for services – fees:			
Fire runs	35 000 00	4 570 64	(30 429 36)
Property tax administration	53 354 00	45 530 13	(7 823 87)
Interest	12 500 00	7 845 46	(4 654 54)
Miscellaneous	4 788 00	28 694 27	23 906 27
Total revenues	<u>474 394 00</u>	<u>485 627 74</u>	<u>11 233 74</u>
Expenditures:			
Legislative:			
Township Board	40 180 00	34 296 88	(5 883 12)
General government:			
Supervisor	11 800 00	10 422 06	(1 377 94)
Elections	2 800 00	156 90	(2 643 10)
Assessor	49 100 00	46 095 89	(3 004 11)
Attorney and auditing	5 000 00	3 829 55	(1 170 45)
Clerk	26 184 00	21 092 10	(5 091 90)
Board of Review	3 250 00	2 401 90	(848 10)
Treasurer	40 900 00	39 604 00	(1 296 00)
Building and grounds	4 825 00	4 662 18	(162 82)
Cemetery	1 160 00	1 160 00	-
Public safety:			
Law enforcement	34 000 00	23 152 05	(10 847 95)
Liquor law enforcement	-	-	-
Fire protection	60 400 00	60 218 67	(181 33)
Health – ambulance services	16 100 00	16 084 00	(16 00)
Planning and zoning	35 600 00	24 639 28	(10 960 72)
Inspections	-	-	-

The accompanying notes are an integral part of these financial statements.

<u>Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
-	-	-
22 140 00	22 354 30	214 30
51 100 00	67 394 00	16 294 00
1 600 00	1 640 65	40 65
-	-	-
-	-	-
4 573 00	2 018 41	(2 554 59)
6 286 00	1 332 88	(4 953 12)
<u>85 699 00</u>	<u>94 740 24</u>	<u>9 041 24</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
3 000 00	2 579 09	(420 91)
-	-	-
-	-	-
1 900 00	1 800 00	(100 00)
-	-	-
-	-	-
-	-	-
69 500 00	56 294 58	(13 205 42)

TOWNSHIP OF WORTH
Sanilac County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL AND SPECIAL REVENUE FUNDS

Year Ended March 31, 2004

EXHIBIT C
Page 2

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures: (continued)			
Public works:			
Highways and streets	120 000 00	73 400 15	(46 599 85)
Street lighting	10 500 00	9 999 30	(500 70)
Weed control	16 000 00	14 274 75	(1 725 25)
Sanitation	-	-	-
Water	-	-	-
Other:			
Insurance and bonds	15 000 00	13 795 00	(1 205 00)
Payroll taxes	10 300 00	9 840 19	(459 81)
Contingency	23 840 00	-	(23 840 00)
Capital outlay	15 000 00	1 302 92	(13 697 08)
Total expenditures	<u>541 939 00</u>	<u>410 427 77</u>	<u>(131 511 23)</u>
Excess (deficiency) of revenues over expenditures	<u>(67 545 00)</u>	<u>75 199 97</u>	<u>142 744 97</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	<u>(93 192 00)</u>	<u>(92 981 25)</u>	<u>210 75</u>
Total other financing sources (uses)	<u>(93 192 00)</u>	<u>(92 981 25)</u>	<u>210 75</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(160 737 00)</u>	<u>(17 781 28)</u>	<u>142 955 72</u>
Fund balances, April 1	<u>262 319 00</u>	<u>341 784 39</u>	<u>79 465 39</u>
Fund Balances, March 31	<u>101 582 00</u>	<u>324 003 11</u>	<u>222 421 11</u>

The accompanying notes are an integral part of these financial statements.

<u>Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
-	-	-
7 680 00	7 543 25	(136 75)
-	-	-
15 445 00	15 428 08	(16 92)
-	-	-
-	-	-
-	-	-
38 000 00	22 999 95	(15 000 05)
135 525 00	106 644 95	(28 880 05)
(49 826 00)	(11 904 71)	37 921 29
60 000 00	60 000 00	-
-	-	-
60 000 00	60 000 00	-
10 174 00	48 095 29	37 921 29
150 001 00	153 042 40	3 041 40
160 175 00	201 137 69	40 962 69

TOWNSHIP OF WORTH
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Township of Worth, Sanilac County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Worth. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Joint Venture

The Townships of Lexington and Worth jointly formed the Lexington – Worth Townships Utilities Authority on April 3, 1997, to provide water services for the two entities. The joint venture of the Township is not considered a part of the reporting entity of the Township. The Authority is separately audited by other auditors. Separate financial statements of the joint venture should be obtained directly from The Authority at 7227 Huron Avenue in Lexington, Michigan.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

TOWNSHIP OF WORTH
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 - Summary of Significant Accounting Policies (continued)

Capital Projects Funds

These funds are used to account for acquisition or construction of major capital facilities other than those financed by proprietary fund expenditures.

Debt Service Funds

These funds are used to record the funding of principal and interest on debt reported in the General Long-Term Debt Account Group.

Fiduciary Funds

The Current Tax Collection Fund and the Agency Fund are used to account for assets held as an agent for others.

Account Groups

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

General Long-Term Debt Account Group

This account group presents the balance of general obligation long-term debt which is not recorded in proprietary funds.

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

TOWNSHIP OF WORTH
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus/Basis of Accounting (continued)

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2003 tax roll millage rate was .6858 mills and the taxable value was \$131,688,883.00.

Fixed Assets

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts as required by generally accepted accounting principles.

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

TOWNSHIP OF WORTH
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 - Summary of Significant Accounting Policies (continued)

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

TOWNSHIP OF WORTH
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 - Summary of Significant Accounting Policies (continued)

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 - Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated five banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

TOWNSHIP OF WORTH
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 2 – Deposits and Investments (continued)

	<u>Carrying Amounts</u>
Total Deposits	<u>3 593 081 82</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	500 000 00
Uninsured and Uncollateralized	<u>3 189 912 57</u>
Total Deposits	<u>3 689 912 57</u>

The Township's investments are categorized below to give an indication of the level of risk assumed by the Township. Risk category 1 includes those investments that meet any one of the following criteria: insured, registered, or held by the Township or its agent. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by the counterparty or the counterparty's trust department (or agent) but not in the Township's name.

The GASB Statement No. 3 risk disclosures for the Township's investments are categorized as follows:

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
<u>Investment Type</u>				
Risk-Categorized:				
Operating Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF WORTH
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 2 – Deposits and Investments (continued)

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
Total Risk-Categorized Investments	<u>-</u>	<u>-</u>	<u>-</u>	-
Nonrisk-Categorized: Financial Institution Pooled Funds				<u>23 411 79</u>
Total Investments				<u>23 411 79</u>

The financial institution pooled funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in the funds comply with the investment authority noted above.

Note 3 - Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land and land improvements	38 856 53	-	524 00	38 332 53
Buildings	741 689 53	22 999 95	3 604 00	761 085 48
Equipment	<u>62 770 75</u>	<u>1 302 92</u>	<u>-</u>	<u>64 073 67</u>
Totals	<u>843 316 81</u>	<u>24 302 87</u>	<u>4 128 00</u>	<u>863 491 68</u>

Note 4 - Interfund Receivables and Payables

At year end the Township had the following interfund receivables and payables:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	679 92	Current Tax Collection	679 92
Water #1 Construction	<u>30 009 08</u>	Water #1 Debt Service	<u>30 009 08</u>
Total	<u>30 689 00</u>	Total	<u>30 689 00</u>

TOWNSHIP OF WORTH
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 5 – Changes in General Long-Term Debt

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/04</u>
Hall Bonds Payable – 2002	350 000 00	-	15 000 00	335 000 00
Contract payable – 2001	900 000 00	-	50 000 00	850 000 00
Contract payable – 2000	7 800 000 00	-	425 000 00	7 375 000 00
Contract payable – 1998	<u>644 840 00</u>	<u>-</u>	<u>27 440 00</u>	<u>617 400 00</u>
Total	<u>9 694 840 00</u>	<u>-</u>	<u>517 440 00</u>	<u>9 177 400 00</u>

Note 6 – Hall Bonds Payable – 2002

On August 29, 2002, the Township of Worth sold its bonds in the amount of \$350,000.00 to fund the construction of the new township hall. As of March 31, 2004, the outstanding principal balance on the bonds were \$335,000.00 and it is recorded in the General Long-Term Debt Account Group.

<u>Due Date</u>	<u>Principal Amount</u>
6/1/2004	15 000 00
6/1/2005	20 000 00
6/1/2006	20 000 00
6/1/2007	20 000 00
6/1/2008	20 000 00
6/1/2009	20 000 00
6/1/2010	25 000 00
6/1/2011	25 000 00
6/1/2012	25 000 00
6/1/2013	25 000 00
6/1/2014	30 000 00
6/1/2015	30 000 00
6/1/2016	30 000 00
6/1/2017	<u>30 000 00</u>
Total	<u>335 000 00</u>

TOWNSHIP OF WORTH
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 7 – Contract Payable – 2001

On December 1, 2001, the County of Sanilac sold its bonds in the amount of \$950,000.00 to fund the Sanilac County Water System Improvement Project Phase II Series 2001. The Township of Worth has agreed to pay amounts to the County to cover the bond principal and interest payments as they come due. The Township has pledged its full faith and credit to secure the payments to the County. As of March 31, 2004, the outstanding principal balance on the contract payable was \$850,000.00 and it is recorded in the General Long-Term Debt Account Group.

<u>Due Date</u>	<u>Principal Amount</u>
5-1-04	50 000 00
5-1-05	50 000 00
5-1-06	50 000 00
5-1-07	50 000 00
5-1-08	50 000 00
5-1-09	50 000 00
5-1-10	50 000 00
5-1-11	50 000 00
5-1-12	50 000 00
5-1-13	50 000 00
5-1-14	50 000 00
5-1-15	50 000 00
5-1-16	50 000 00
5-1-17	50 000 00
5-1-18	50 000 00
5-1-19	50 000 00
5-1-20	<u>50 000 00</u>
Total	<u>850 000 00</u>

Note 8 – Contract Payable – 2000

On June 1, 2000, the County of Sanilac sold its bonds in the amount of \$8,225,000.00 to fund the Sanilac County Water System Improvement Project Phase II Series 2000. The Township of Worth has agreed to pay amounts to the County to cover the bond principal and interest payments as they come due. The Township has pledged its full faith and credit to secure the payments to the County. As of March 31, 2004, the outstanding principal balance on the contract payable was \$7,375,000.00 and it is recorded in the General Long-Term Debt Account Group.

TOWNSHIP OF WORTH
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 8 – Contract Payable – 2000 (continued)

<u>Due Date</u>	<u>Principal Amount</u>
5-1-04	425 000 00
5-1-05	425 000 00
5-1-06	425 000 00
5-1-07	425 000 00
5-1-08	425 000 00
5-1-09	425 000 00
5-1-10	425 000 00
5-1-11	425 000 00
5-1-12	425 000 00
5-1-13	425 000 00
5-1-14	425 000 00
5-1-15	450 000 00
5-1-16	450 000 00
5-1-17	450 000 00
5-1-18	450 000 00
5-1-19	450 000 00
5-1-20	<u>450 000 00</u>
Total	<u>7 375 000 00</u>

Note 9 – Contract Payable - 1998

On December 9, 1998, the County of Sanilac sold its bonds in the amount of \$1,030,000.00, to fund the Sanilac County Water System Improvement Project. The Township of Worth is responsible for 68.6% of the project which amounted to \$706,580.00 and the Township of Lexington is responsible for 31.4% of the project, which amounted to \$323,420.00. The Townships have agreed to pay amounts to the County to cover the bond principal and interest payments as they come due. The Townships have pledged their full faith and credit to secure the payments to the County. As of March 31, 2004, Worth Township's outstanding principal balance of the contract payable was \$617,400.00 and it is recorded in the General Long-Term Debt Account Group.

<u>Due Date</u>	<u>Principal Amount</u>
5-1-04	27 440 00

TOWNSHIP OF WORTH
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 9 - Contract Payable - 1998 (continued)

<u>Due Date</u>	<u>Principal Amount</u>
5-1-05	30 870 00
5-1-06	30 870 00
5-1-07	34 300 00
5-1-08	34 300 00
5-1-09	37 730 00
5-1-10	41 160 00
5-1-11	41 160 00
5-1-12	44 590 00
5-1-13	44 590 00
5-1-14	48 020 00
5-1-15	48 020 00
5-1-16	51 450 00
5-1-17	51 450 00
5-1-18	<u>51 450 00</u>
Total	<u>617 400 00</u>

Note 10 - Deferred Compensation Plan

The Township has a deferred compensation plan. All Township employees are covered under the plan except for the Assessor. Deferred compensation expense for the year ended March 31, 2004, was \$3,349.52.

Note 11 - Pension Plan

The Township does not have a pension plan.

Note 12 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

TOWNSHIP OF WORTH
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 13 – Transfers In and Transfers Out

For the fiscal year ended, March 31, 2004, the Township made the following interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
Hall Bond Debt			
Service Fund	32 981 25	General	32 981 25
Public Improvement	<u>60 000 00</u>	General	<u>60 000 00</u>
Total	<u>92 981 25</u>	Total	<u>92 981 25</u>

Note 14 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF WORTH
Sanilac County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT

EXHIBIT D

Year Ended March 31, 2004

Page 1

Township Board:

Salaries	3 480 00
Office supplies	3 026 87
Operating supplies	1 247 19
Memberships and dues	2 637 45
Printing and publishing	1 339 38
Telephone	2 935 57
Repairs and maintenance	3 713 55
Rent	5 896 97
Deferred compensation	3 349 52
Miscellaneous	6 670 38
	<u>34 296 88</u>

Supervisor:

Salary	9 600 00
Miscellaneous	822 06
	<u>10 422 06</u>

Elections:

Wages	95 86
Miscellaneous	61 04
	<u>156 90</u>

Assessor:

Salary	40 995 00
Supplies	3 227 93
Mileage	642 00
Miscellaneous	1 230 96
	<u>46 095 89</u>

Attorney and auditing

3 829 55

Clerk:

Salary – Clerk	19 884 00
Salary – Deputy	337 51
Miscellaneous	870 59
	<u>21 092 10</u>

TOWNSHIP OF WORTH
Sanilac County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT

Year Ended March 31, 2004

EXHIBIT D

Page 2

Board of Review:

Wages	608 00
Printing and publishing	247 50
Miscellaneous	<u>1 546 40</u>
	<u>2 401 90</u>

Treasurer:

Salary – Treasurer	18 000 00
Salary – Deputy	3 149 25
Supplies	6 021 56
Summer tax collection	10 974 64
Miscellaneous	<u>1 458 55</u>
	<u>39 604 00</u>

Building and grounds:

Repairs and maintenance	360 00
Utilities	4 268 43
Miscellaneous	<u>33 75</u>
	<u>4 662 18</u>

Cemetery:

Maintenance	<u>1 160 00</u>
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Law enforcement:

Contracted services	<u>23 152 05</u>
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Fire protection:

Contracted services	<u>60 218 67</u>
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Health – ambulance services:

Contracted services	<u>16 084 00</u>
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Zoning:

Salaries and wages	18 567 25
Supplies	292 12
Printing and publishing	929 25
Legal	3 224 53
Miscellaneous	<u>1 626 13</u>
	<u>24 639 28</u>

TOWNSHIP OF WORTH
Sanilac County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page 3

Highways and streets:	
Repairs and maintenance	<u>73 400 15</u>
Street lighting:	
Utilities	<u>9 999 30</u>
Weed control	<u>14 274 75</u>
Insurance and bonds	<u>13 795 00</u>
Payroll taxes	<u>9 840 19</u>
Capital outlay	<u>1 302 92</u>
Total Expenditures	<u><u>410 427 77</u></u>

TOWNSHIP OF WORTH
Sanilac County, Michigan

COMBINED BALANCE SHEET – ALL SPECIAL REVENUE FUNDS

EXHIBIT E

March 31, 2004

	<u>Public Improvement</u>	<u>Liquor Law Enforcement</u>	<u>Great Lakes Shores</u>	<u>Birch Beach</u>
<u>Assets</u>				
Cash in bank	151 543 74	415 34	14 057 25	2 977 86
Special assessments receivable	-	-	1 955 15	179 50
Total Assets	<u>151 543 74</u>	<u>415 34</u>	<u>16 012 40</u>	<u>3 157 36</u>
<u>Fund Balances</u>				
Fund balances:				
Unreserved:				
Undesignated	<u>151 543 74</u>	<u>415 34</u>	<u>16 012 40</u>	<u>3 157 36</u>
Total Fund Balances	<u>151 543 74</u>	<u>415 34</u>	<u>16 012 40</u>	<u>3 157 36</u>

<u>Lexington Heights</u>	<u>Eden Beach</u>	<u>Supervisor's Emigh Road Plat</u>	<u>District #7</u>	<u>Building</u>	<u>Total</u>
2 081 63	568 57	653 10	180 47	26 097 20	198 575 16
<u>335 69</u>	<u>76 25</u>	<u>-</u>	<u>15 94</u>	<u>-</u>	<u>2 562 53</u>
<u>2 417 32</u>	<u>644 82</u>	<u>653 10</u>	<u>196 41</u>	<u>26 097 20</u>	<u>201 137 69</u>
<u>2 417 32</u>	<u>644 82</u>	<u>653 10</u>	<u>196 41</u>	<u>26 097 20</u>	<u>201 137 69</u>
<u>2 417 32</u>	<u>644 82</u>	<u>653 10</u>	<u>196 41</u>	<u>26 097 20</u>	<u>201 137 69</u>

TOWNSHIP OF WORTH
Sanilac County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS
Year Ended March 31, 2004

EXHIBIT F

	<u>Public Improvement</u>	<u>Liquor Law Enforcement</u>	<u>Great Lakes Shores</u>	<u>Birch Beach</u>
Revenues:				
Special assessments	-	-	15 977 95	2 979 70
Licenses and permits	-	-	-	-
State revenue sharing	-	1 640 65	-	-
Interest	1 662 66	10 71	82 79	17 90
Miscellaneous	<u>1 285 38</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>2 948 04</u>	<u>1 651 36</u>	<u>16 060 74</u>	<u>2 997 60</u>
Expenditures:				
General government:				
Building and grounds	2 579 09	-	-	-
Public safety:				
Liquor law enforcement	-	1 800 00	-	-
Inspections	-	-	-	-
Public works:				
Street lighting	-	-	1 062 31	2 927 47
Sanitation	-	-	15 428 08	-
Capital outlay	<u>22 999 95</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>25 579 04</u>	<u>1 800 00</u>	<u>16 490 39</u>	<u>2 927 47</u>
Excess (deficiency) of revenues over expenditures	<u>(22 631 00)</u>	<u>(148 64)</u>	<u>(429 65)</u>	<u>70 13</u>
Other financing sources (uses):				
Operating transfers in	<u>60 000 00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>60 000 00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	37 369 00	(148 64)	(429 65)	70 13
Fund balances, April 1	<u>114 174 74</u>	<u>563 98</u>	<u>16 442 05</u>	<u>3 087 23</u>
Fund Balances, March 31	<u>151 543 74</u>	<u>415 34</u>	<u>16 012 40</u>	<u>3 157 36</u>

<u>Lexington Heights</u>	<u>Eden Beach</u>	<u>Supervisor's Emigh Road Plat</u>	<u>District #7</u>	<u>Building</u>	<u>Total</u>
2 168 40	579 50	503 50	145 25	-	22 354 30
-	-	-	-	67 394 00	67 394 00
-	-	-	-	-	1 640 65
15 29	3 86	4 43	1 27	219 50	2 018 41
-	-	-	-	47 50	1 332 88
<u>2 183 69</u>	<u>583 36</u>	<u>507 93</u>	<u>146 52</u>	<u>67 661 00</u>	<u>94 740 24</u>
-	-	-	-	-	2 579 09
-	-	-	-	-	1 800 00
-	-	-	-	56 294 58	56 294 58
2 323 70	580 44	504 22	145 11	-	7 543 25
-	-	-	-	-	15 428 08
-	-	-	-	-	22 999 95
<u>2 323 70</u>	<u>580 44</u>	<u>504 22</u>	<u>145 11</u>	<u>56 294 58</u>	<u>106 644 95</u>
<u>(140 01)</u>	<u>2 92</u>	<u>3 71</u>	<u>1 41</u>	<u>11 366 42</u>	<u>(11 904 71)</u>
-	-	-	-	-	60 000 00
-	-	-	-	-	60 000 00
(140 01)	2 92	3 71	1 41	11 366 42	48 095 29
<u>2 557 33</u>	<u>641 90</u>	<u>649 39</u>	<u>195 00</u>	<u>14 730 78</u>	<u>153 042 40</u>
<u>2 417 32</u>	<u>644 82</u>	<u>653 10</u>	<u>196 41</u>	<u>26 097 20</u>	<u>201 137 69</u>

TOWNSHIP OF WORTH
Sanilac County, Michigan

COMBINED BALANCE SHEET – ALL DEBT SERVICE FUNDS

EXHIBIT G

March 31, 2004

	<u>Hall Bond Debt Service</u>	<u>Water #1 Debt Service</u>	<u>Water #2 Debt Service</u>	<u>Total</u>
<u>Assets</u>				
Cash in bank	-	45 523 90	2 833 088 09	2 878 611 99
Investments	-	-	23 411 79	23 411 79
Special assessments receivable	-	187 079 76	5 678 158 77	5 865 238 53
Total Assets	<u>-</u>	<u>232 603 66</u>	<u>8 534 658 65</u>	<u>8 767 262 31</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Due to other funds	-	30 009 08	-	30 009 08
Deferred revenue	-	185 232 44	5 559 808 23	5 745 040 67
Total liabilities	<u>-</u>	<u>215 241 52</u>	<u>5 559 808 23</u>	<u>5 775 049 75</u>
Fund balances:				
Reserved for debt service	-	17 362 14	2 974 850 42	2 992 212 56
Total Liabilities and Fund Balances	<u>-</u>	<u>232 603 66</u>	<u>8 534 658 65</u>	<u>8 767 262 31</u>

TOWNSHIP OF WORTH
Sanilac County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – ALL DEBT SERVICE FUNDS
Year Ended March 31, 2004

EXHIBIT H

	<u>Hall Bond Debt Service</u>	<u>Water #1 Debt Service</u>	<u>Water #2 Debt Service</u>	<u>Total</u>
Revenues:				
Special assessments	-	44 065 97	1 124 642 53	1 168 708 50
Interest	-	138 49	31 073 61	31 212 10
Total revenues	-	44 204 46	1 155 716 14	1 199 920 60
Expenditures:				
Debt service	32 981 25	57 551 98	958 640 71	1 049 173 94
Total expenditures	32 981 25	57 551 98	958 640 71	1 049 173 94
Excess (deficiency) of revenues over expenditures	(32 981 25)	(13 347 52)	197 075 43	150 746 66
Other financing sources (uses):				
Operating transfers in	32 981 25	-	-	32 981 25
Total other financing sources (uses)	32 981 25	-	-	32 981 25
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(13 347 52)	197 075 43	183 727 91
Fund balances, April 1	-	30 709 66	2 777 774 99	2 808 484 65
Fund Balances, March 31	-	17 362 14	2 974 850 42	2 992 212 56

TOWNSHIP OF WORTH
Sanilac County, Michigan

COMBINED BALANCE SHEET – ALL CAPITAL PROJECTS FUNDS EXHIBIT I
March 31, 2004

	<u>Water #1 Construction</u>	<u>Water #2 Construction</u>	<u>Improvement</u>	<u>Total</u>
<u>Assets</u>				
Cash in bank	146 456 42	63 826 04	19 326 47	229 608 93
Special assessments receivable	122 411 70	26 880 00	-	149 291 70
Due from other funds	<u>30 009 08</u>	<u>-</u>	<u>-</u>	<u>30 009 08</u>
Total Assets	<u>298 877 20</u>	<u>90 706 04</u>	<u>19 326 47</u>	<u>408 909 71</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Deferred revenue	<u>121 502 50</u>	<u>26 880 00</u>	<u>-</u>	<u>148 382 50</u>
Fund balances:				
Unreserved:				
Undesignated	<u>177 374 70</u>	<u>63 826 04</u>	<u>19 326 47</u>	<u>260 527 21</u>
Total Liabilities and Fund Balances	<u>298 877 20</u>	<u>90 706 04</u>	<u>19 326 47</u>	<u>408 909 71</u>

TOWNSHIP OF WORTH
Sanilac County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – ALL CAPITAL PROJECTS FUNDS
Year Ended March 31, 2004

EXHIBIT J

	<u>Water #1</u> <u>Construction</u>	<u>Water #2</u> <u>Construction</u>	<u>Improvement</u>	<u>Total</u>
Revenues:				
Special assessments	16 378 06	16 227 93	-	32 605 99
Interest	<u>1 987 73</u>	<u>712 17</u>	<u>210 73</u>	<u>2 910 63</u>
Total revenues	<u>18 365 79</u>	<u>16 940 10</u>	<u>210 73</u>	<u>35 516 62</u>
Expenditures:				
General government:				
Building and grounds	-	-	2 004 76	2 004 76
Public works:				
Water	<u>-</u>	<u>1 351 60</u>	<u>-</u>	<u>1 351 60</u>
Total expenditures	<u>-</u>	<u>1 351 60</u>	<u>2 004 76</u>	<u>3 356 36</u>
Excess (deficiency) of revenues over expenditures	18 365 79	15 588 50	(1 794 03)	32 160 26
Fund balances, April 1	<u>159 008 91</u>	<u>48 237 54</u>	<u>21 120 50</u>	<u>228 366 95</u>
Fund Balances, March 31	<u>177 374 70</u>	<u>63 826 04</u>	<u>19 326 47</u>	<u>260 527 21</u>

TOWNSHIP OF WORTH
Sanilac County, Michigan

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES – ALL AGENCY FUNDS
Year Ended March 31, 2004

EXHIBIT K
Page 1

	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>CURRENT TAX COLLECTION FUND</u>				
<u>Assets</u>				
Cash in bank	<u>-</u>	<u>3 963 952 90</u>	<u>3 963 272 98</u>	<u>679 92</u>
Total Assets	<u>-</u>	<u>3 963 952 90</u>	<u>3 963 272 98</u>	<u>679 92</u>
<u>Liabilities</u>				
Due to other funds	<u>-</u>	<u>831 493 96</u>	<u>830 814 04</u>	<u>679 92</u>
Due to others	<u>-</u>	<u>3 132 458 94</u>	<u>3 132 458 94</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>3 963 952 90</u>	<u>3 963 272 98</u>	<u>679 92</u>
<u>AGENCY FUND</u>				
<u>Assets</u>				
Cash in bank	<u>5 732 00</u>	<u>6 100 00</u>	<u>5 400 00</u>	<u>6 432 00</u>
Total Assets	<u>5 732 00</u>	<u>6 100 00</u>	<u>5 400 00</u>	<u>6 432 00</u>
<u>Liabilities</u>				
Due to others	<u>5 732 00</u>	<u>6 100 00</u>	<u>5 400 00</u>	<u>6 432 00</u>
Total Liabilities	<u>5 732 00</u>	<u>6 100 00</u>	<u>5 400 00</u>	<u>6 432 00</u>
<u>TOTALS – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash in bank	<u>5 732 00</u>	<u>3 970 052 90</u>	<u>3 968 672 98</u>	<u>7 111 92</u>
Total Assets	<u>5 732 00</u>	<u>3 970 052 90</u>	<u>3 968 672 98</u>	<u>7 111 92</u>

TOWNSHIP OF WORTH
Sanilac County, Michigan

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES – ALL AGENCY FUNDS
Year Ended March 31, 2004

EXHIBIT K
Page 2

	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>TOTALS – ALL AGENCY FUNDS</u> (continued)				
<u>Liabilities</u>				
Due to other funds	-	831 493 96	830 814 04	679 92
Due to others	<u>5 732 00</u>	<u>3 138 558 94</u>	<u>3 137 858 94</u>	<u>6 432 00</u>
Total Liabilities	<u>5 732 00</u>	<u>3 970 052 90</u>	<u>3 968 672 98</u>	<u>7 111 92</u>

TOWNSHIP OF WORTH
Sanilac County, Michigan

STATEMENT OF CASH RECEIPTS AND
DISBURSEMENTS – CURRENT TAX COLLECTION FUND
Year Ended March 31, 2004

EXHIBIT L

Cash in bank – beginning of year	<u>-</u>
Cash receipts:	
Property taxes	3 960 447 30
Interest	<u>3 505 60</u>
Total cash receipts	<u>3 963 952 90</u>
Total beginning balance and cash receipts	<u>3 963 952 90</u>
Cash disbursements:	
Township General Fund	133 706 92
Township Special Revenue Funds	19 791 77
Township Water #1 Debt Service Fund	23 538 10
Township Water #2 Debt Service Fund	634 640 59
Township Water #1 Construction Fund	15 468 86
Township Water #2 Construction Fund	3 667 80
Sanilac County	1 547 166 47
Sanilac County Intermediate School District	338 334 70
State of Michigan	18 492 67
Croswell-Lexington School District	1 212 416 47
Refunds	<u>16 048 63</u>
Total cash disbursements	<u>3 963 272 98</u>
Cash in Bank – End of Year	<u>679 92</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

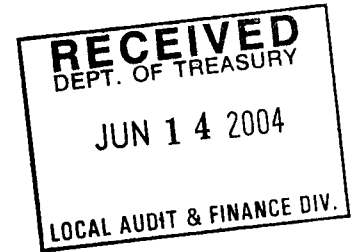
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TEL (989) 894-1040
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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

June 2, 2004

To the Township Board
Township of Worth
Sanilac County, Michigan



We have audited the financial statements of the Township of Worth, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Worth in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Township Board
Township of Worth
Sanilac County, Michigan

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Township Board
Township of Worth
Sanilac County, Michigan

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of Worth will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants